

## MEMORANDUM FOR DISTRIBUTION

FROM: ELIZABETH E. SMEDLEY  
ACTING CHIEF FINANCIAL OFFICER

SUBJECT: FY 1997 Implementation of Managerial Cost Accounting Standards

The Office of Management and Budget (OMB) issued Statement of Federal Financial Accounting Standards Number 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, which became effective October 1, 1996. The new standards are aimed at providing reliable and timely information on the full cost of Federal programs, their activities, and outputs and require the reporting of this information in annual financial statements. To facilitate effective and consistent implementation of the new standards, a Headquarters/Field Managerial Cost Accounting Implementation Team was established.

The Team analyzed all requirements, developed an implementation plan, and conducted several meetings with Headquarters Program and Field Office finance organizations. These meetings focused primarily on (1) the development of responsibility segments, which represent the structure of the Department's activities for which cost information will be reported in the Department's FY 1997 financial statements, and (2) the requirement for and methodology to allocate certain indirect costs (e.g., program direction, security investigations, etc.) to responsibility segments. In addition, representatives of the Office of Inspector General with responsibility for auditing the Department's financial statements have been briefed on the requirements and the Department's implementation methodology.

This memorandum, with its attachments, transmits the final guidance for the accumulation and reporting of full cost information for inclusion in the Department's FY 1997 financial statements.

Attachment 1 presents, by business line, the responsibility segments as approved by the Headquarters program offices and provides a crosswalk to the related Budget and Reporting (B&R) classification codes. This attachment also designates those activities which must be allocated to other responsibility segments. Please note an allocable cost may be allocated to one or more responsibility segments within a business line and, in some instances, to responsibility segments within other business lines. To achieve a reasonable level of consistency across the complex, establishment and application of allocation rates based upon total funded costs is the preferred methodology to be used for allocating indirect costs to responsibility segments, provided it results in an equitable assignment of these costs. Where this methodology does not result in an equitable assignment of these costs, each office should document the reason for establishing an alternative cost allocation process and, where significant, coordinate the approach with the Office of Financial Policy. In either event, it is imperative that the allocation methodology selected be reasonable and well documented. Offices are encouraged to work with the cognizant program organizations in performing these allocations.

Attachment 2 presents specific guidance on myriad subjects of special concern related to implementation of the standards. Attachment 3 presents detailed guidance on the submission of year-end cost allocation entries as well as a sample package of entries and the associated impacts

on the Statement of Operations. Attachment 4 provides a summary report for your office, which contains actual costs as of July 31, 1997, for each responsibility segment, the cognizant assistant secretarial organization and business line, as well as delineation of those costs which need to be allocated at year end. Attachment 5 is prepared in the same format as Attachment 4 and contains fiscal year to date costs for each of the budget and reporting classifications that comprise each responsibility segment/cognizant assistant secretarial organization/business line.

Preliminary financial statement reports will be generated by the Office of Financial Control and Reporting on October 21, 1997, after all field September submissions are received. These preliminary financial statement reports will identify the costs that require allocation to responsibility segments. Field offices must submit year-end cost allocation entries by October 27, 1997. Corrections to the year-end cost allocation entries, if necessary, may be submitted with your October or November data using summary classification code CP.

Your support in implementing these requirements in a timely and effective manner is appreciated. Questions related to reporting requirements may be addressed to either Rick Loyd at (301) 903-4190 or Deanna Ammons at (301) 903-5374. Questions related to allocation methodology may be addressed to either Jim Campbell at (301) 903-9704 or Colin Powers at (301) 903-7313.

#### Attachments

cc:

Ralph Delorenzo, ER

Tony Lane, DP

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**Distribution.**

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Schenectady Naval Reactors Office

Strategic Petroleum Reserve Management Office

Morgantown Energy Technology Center

Pittsburgh Energy Technology Center

Naval Petroleum Reserves in California

Naval Petroleum Reserves, Colorado, Utah & Wyoming

Federal Energy Regulatory Commission

Director, Capital Accounting Center

### Responsibility Segments & Related Budget and Reporting Classification Codes

For purposes of this document, the term responsibility segment is used to describe both: (1) those activities which will be reported in the Department's financial statements as components responsible for carrying out a mission, conducting a major line of activity, or producing products or services; and (2) those activities whose costs will be fully allocated to the responsibility segments in (1). A table in the Management Analysis and Reporting System (MARS) will be used to crosswalk existing program B&Rs to the responsibility segments. For purposes of recording funded cost allocations and certain nonfund transactions discussed in other sections of this attachment, unique cost allocation B&R codes were established, where needed, for each responsibility segment. The proposed responsibility segments and unique cost allocation B&R codes are listed below. *Costs related to the responsibility segments marked with an asterisk (\*) will be fully allocated to other responsibility segments. Please note, an allocable cost may be allocated to one or more responsibility segments within a business line and, in some instances, to responsibility segments within other business lines.*

<u>BUSINESS LINE/Responsibility Segment</u>	<u>Cost Allocation B&amp;R Codes</u>	<u>Crosswalk to Related B&amp;R Codes</u>
01 NATIONAL SECURITY ACTIVITIES		
01010 Stockpile Stewardship	010100000	DP01-03
01020 Stockpile Management	010200000	DP04
01030 Verification and Control Technology	010300000	GB01, GC, GJ, NT
01040 Nuclear Safeguards and Security	010400000	GD (except GD050804)
01050 Fissile Materials Disposition	010500000	GA, AF12
01060 International Nuclear Safety	010600000	AF15
01070 Nuclear Security	010700000	AF17
01080 Naval Reactors	010800000	AJ
01090 Emergency Management/Preparedness	010900000	NB, ND, NC
01110 Uranium Programs - Downblend HEU at Portsmouth	011100000	CD1004
01120 Uranium Programs - Transparency	011200000	CD1013
01130 Worker and Community Transition	011300000	GG, GB04
01910 Weapons Program Direction	019100000	DP05
01930 Security Investigations	019300000	GH
01940 Non-Proliferation and National Security Program Direction	019400000	NN
01950 Other Weapons Program Activities	019500000	GB0513, NP
01960 Headquarters Security Force	019600000	GD050804
02 ENERGY RESOURCES ACTIVITIES		
02010 Utility Technology	020100000	EA, EB (except EB2312, EB34, EB52), EH20, EN, EK, CC
02020 Building Technology	020200000	EC, EG
02030 Federal Energy Management Program	020300000	EL, WB
02040 Industrial Technology	020400000	ED, EB2312

02050	Transportation Technology	020500000	EE, EB34, EB52
02070	Coal Research and Development (R&D)	020700000	AA
02080	Petroleum R&D	020800000	AC
02090	Gas R&D	020900000	AB
02100	Clean Coal Technology		
02101P	Clean Coal Technology Revenues		ZN03
02102	Clean Coal Technology Costs	021020000	AZ
02110	Strategic Petroleum Reserve		
02111P	Strategic Petroleum Reserve - Revenues		ZN15, ZN20
02112P	Strategic Petroleum Reserve - Cost of Sales - Public		WN03 (except WN0301030), 20
02112G	Strategic Petroleum Reserve - Cost of Sales - OFA		WN0301030
02113	Strategic Petroleum Reserve - Operating Costs	021130000	SA
02120	Naval Petroleum Reserves		
02121P	Naval Petroleum Reserves - Revenues		ZN16, ZN17
02122P	Naval Petroleum Reserves - Cost of Goods and Services	021220000	CB, WN17, YN30
02140	Light Water Reactors	021400000	AF11
02180	Facilities	021800000	AF80
02310	Power Marketing Administrations		
02311	Power Marketing Administrations - Revenues		ZN18
02312	Power Marketing Administrations - Cost of Sales	023120000	CF
02810	Other Fossil Energy Activities	028100000	AE, AU, AW, AV, CH, CP, CV, GP
02820	Other Nuclear Energy Activities	028200000	AF20, AF25, AF30, AF65, AF75, AF89
02910	Energy Efficiency Policy and Management	029100000	EH (except EH20)
02920	Fossil Energy Program Direction	029200000	AD
02930	Energy Technology Center Program Direction	029300000	AN
02940	Nuclear Energy Program Direction	029400000	KK05
02950	NE Landlord Activities	029500000	AF86, AF99

### 03 SCIENCE AND TECHNOLOGY ACTIVITIES

03010	Biological and Environmental Research	030100000	KP
03020	Fusion Energy Sciences	030200000	AT
03030	Basic Energy Sciences	030300000	KC, KE
03040	High Energy Physics	030400000	KA
03050	Nuclear Physics	030500000	KB
03060	Computational and Technology Research	030600000	KJ
03070	Superconducting Super Collider	030700000	KS
03080	Small Business Innovative Research/Technology Transfer	030800000	KM, KN
03090	University and Science Education	030900000	KT, KV
03100	Technical Information Management Program	031000000	LA
03110	Advanced Radioisotope Power System	031100000	AF70
03120	University Nuclear Science & Reactor Support	031200000	AF40
032000	Isotope Production & Distribution		
03201G	Isotope Production & Distribution Revenues - OFA		ZN0802, ZN1001013, 023, 024; ZN1002013, 014, 023, 024; ZN1003030, 040; ZN1004030, 040
03201P	Isotope Production & Distribution Revenues - Public		ZN10 (except ZN1001013, 023,

			024; ZN1002013, 014, 023, 024; ZN1003030, 040; ZN1004030, 040)
03202G	IP&DP - Cost of Goods & Services - OFA	03202G000	WN1001013, 023, 024; WN1002013, 014, 023, 024; WN1003030, 040; WN1004030, 040
03202P	IP&DP - Cost of Goods & Services - Public	03202P000	WN10 (except WN1001013, 023, 024; WN1002013, 014, 023, 024; WN1003030, 040; WN1004030, 040)
03203	Isotope Production & Distr. - Operating Expenses	032030000	AF-85, SS, ST
03810	Other Energy Research Activities	038100000	KD, KG, SP
03910	Energy Research Program Direction	039100000	KH, KZ
04	ENVIRONMENTAL QUALITY ACTIVITIES		
04010	Environmental Restoration	040100000	EW20, EX20
04020	Waste Management	040200000	EW31, EX31
04030	Nuclear Materials and Facilities Stabilization	040300000	EW70, EX70
04040	Technology Development	040400000	EW40
04050	Environmental Sciences Program	040500000	EW45
04060	Environmental Privatization Initiative	040600000	EW37, EW38
04070	Uranium Enrichment D&D		
04071G	D&D Fund - Revenues - OFA		ZN2301
04071P	D&D Fund - Utility Assessment Revenues - Public		ZN2302
04071I	D&D Fund - Interest Revenues		ZN2303
04072	D&D Fund - Costs	040720000	EU20
04080	Civilian Radioactive Waste Management		
04081G	Nuclear Waste Fund Disposal Fee Revenues - OFA		ZN1403024
04081P	Nuclear Waste Fund Disposal Fee Revenues - Public		ZN1403 (except ZN1403024)
04081I	Nuclear Waste Fund Interest Revenues		ZN1404
04081O	Nuclear Waste Fund Investment Gains and Losses		ZN1402
04082	Civilian Radioactive Waste Management - Costs	040820000	DA, DB, DC
04090	Facility Safety	040900000	HC, HD1002, HD1010, HD1008, HD1009
04100	Nuclear Technology R&D	041000000	AF50
04120	Termination Costs	041200000	AF95
04130	Uranium Programs		
04133	Uranium Programs - All Other	041330000	CD (except CD1004, CD1013)
04140	Health Studies	041400000	HD20, HD40
04810	Other Environmental Management Activities	048100000	EW05, EX80
04910	EM - Policy and Management	049100000	EW60
04920	EM - Program Direction	049200000	EW10, EX60
04930	EH - Program Direction	049300000	HE, HF
08	OTHER PROGRAMS		
08010	Inspector General	080100000	RA, WM30
08020	Federal Energy Regulatory Commission		

08021	Federal Energy Regulatory Commission - Revenues		ZN21
08022	Federal Energy Regulatory Commission - Costs	080220000	VR, WN21
08030	Reimbursable Work Programs - OFA		
08031G	Reimbursable Work Programs Revenues - OFA		50 (Except 5030), ZN1909020
08032G	Reimbursable Work Programs Costs - OFA	080320000	40 (Except 4030)
08040	Services Provided for U.S. Enrichment Corporation		
08041G	Services Provided for USEC - Revenues		5030
08042G	Services Provided for USEC - Costs	080420000	4030
08050P	Reimbursable & Cooperative Work - Public		
08051P	Reimbursable & Cooperative Work Rev. - Public		70, ZN1909010
08052P	Reimbursable & Cooperative Work Costs - Public	080520000	60
08060	Technology Transfer Activities		
08061P	Technology Transfer Activities - Receipts		75
08062P	Technology Transfer Activities - Costs	080620000	65
08070	Other Revenues and Costs Related to Goods and Services Provided		
08071G	Other Rev. for Goods and Services Provided - OFA		ZN0601030, ZN0602043, ZN0602053, ZN0702030, ZN0903000, ZN1203000 ZN1919030
08071P	Other Rev. for Goods and Services Provided - Public		ZN (Except ZN1909, ZN21, ZN0601030, ZN0602043, ZN0602053, ZN0702030, ZN0802, ZN0903000, ZN10, ZN1203000, ZN13, ZN14, ZN15, ZN16, ZN17, ZN18, ZN1919030, ZN20, ZN21, ZN23)
08072G	Other Costs of Goods and Service Provided - OFA	08072G000	WN0103023, WN0104030, N0105023, WN0601030, WN0602043, WN0602053, WN0702030, WN0903000, WN1919013
08072P	Other Costs of Goods and Service Provided - Public	08072P000	WN (except WN0103023, WN0104030, WN0105023, WN0601030, WN0602043, WN0602053, WN0702030, WN0903000, WN1001013, WN1002013, WN1002023, WN17, WN1919013, WN20, WN21) YN24, YN26
08080	Working Capital Fund		
08081G	Working Capital Fund Revenues		ZN30
08082G	Working Capital Fund Costs		WF
08090	Other Costs Not Allocable	080900000	YN0303, YN0305, YN0401
08100	Other Revenues Not Allocable		
08410	Energy Information Administration	084100000	TA
08910	Departmental Administration		
08911	Departmental Administration - General Counsel	089110000	UC, UE, UG, WA1101080, WM25
08912	Departmental Administration - Hearings & Appeals	089120000	UR
08913	Departmental Administration - Office of the Secr.	089130000	WE
08914	Departmental Administration - HR	089140000	WA1101250, WM00-10, WG
08915	Departmental Administration - CR	089150000	WA1101120, WM12

08916	Departmental Administration - All Other	089160000	LD, LE, NA, WA (except WA1101080, 1120, 1250), PE, TR, MX, WM20-99 (except WM25, WM30)
08930	Field Operations	089300000	FA
08940	Other Expenses	089400000	YN (except YN0303, YN0305, YN0401, YN24, YN26), 86



## **IMPLEMENTATION OF MANAGERIAL COST ACCOUNTING STANDARDS GUIDANCE TO FIELD OFFICES**

### **CHARGE DEPRECIATION WHERE ASSETS UTILIZED.**

Field Chief Financial Officers (CFO) should carefully review their FY 1997 depreciation expenses to ensure that the methodology employed properly assigns these costs to the benefitting Departmental program(s). In addition, if this review identifies depreciation expenses reported against a Budget and Reporting Classification (B&R) that does not crosswalk to a responsibility segment, allocation of these expenses to the benefitting segment(s) is required. Finally, specific attention should be focused on the allocation of depreciation of general purpose equipment at the contractor level, since this is normally funded by the landlord.

### **LANDLORD FUNCTIONS.**

Landlord costs generally include all costs incurred for centralized field office infrastructure requirements and general operating costs essential to maintaining a viable, functioning operations office. This might include grounds and building maintenance, security costs, utilities, etc. These costs are typically funded by a B&R associated with the predominant program at the site yet all programs at the site benefit from these costs. These costs should be allocated to all benefitting programs.

### **URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND.**

The Uranium Enrichment Decontamination and Decommissioning (D&D) Fund's financial statements from previous years included only those costs funded by D&D Fund appropriations. For FY 1997, the D&D Fund's financial statements must include all other costs attributable to it. This includes salaries, benefits, and other program direction costs for Office of Environmental Management (EM) employees performing Fund related activities as well as an appropriate share of other costs of the EM program (e.g., support costs) that support the Fund. These specific actions are necessary to report the full costs of the D&D Fund and to implement the recommendation resulting from the Office of Inspector General's audit of the Fund's FY 1996 financial statements.

### **WORK FOR OTHERS.**

For the FY 1997 financial statements, the cost of work for other Federal Agencies and non-Federal entities should include an appropriate allocation of Federal program direction,

depreciation expenses, and other overhead costs applicable to these activities, regardless of the actual charge to the customer for the product or service. As agreed during the Accounting Workshop at the June, 1997 CFO Conference, the preferred methodology is to assign on a total funded cost basis the prorata share of depreciation and program direction to work for others activities, provided this results in an equitable assignment of these costs. Care must be exercised, however, to ensure that only those costs that contribute to work for others activities are allocated. Please note that since imputed interest is not a cost to the Department, it should not be included in the full cost of work for others activities.

#### DEPARTMENTAL ADMINISTRATION COSTS.

Only those costs incurred by field organizations associated with THE Departmental Administration (Appropriation 89X0228) will be assigned/allocated by field organizations. All Headquarters Departmental Administration costs will be allocated by the Headquarters Office of CFO.

#### FIELD OFFICE PROGRAM DIRECTION.

Field office program direction costs must be allocated/assigned to responsibility segments. Four field organizations receive their program direction funding, formerly budgeted in the Departmental Administration Appropriation, as part of the Energy Supply Research and Development Appropriation as well as programmatic program direction funding under various program B&R's/appropriations. Other field organizations receive all of their program direction funding under various program direction B&R's/appropriations. In some cases, program direction costs are already included in the B&R's associated with the responsibility segments and no allocation is required. However, in most instances, some allocation will be required.

Each site must develop a methodology to allocate program direction costs to the benefitting responsibility segments. As stated previously, the preferred methodology is to spread program direction costs to the benefitting responsibility segments based on a percentage of total funded costs, provided this results in an equitable allocation. Field organizations should utilize the organization specific information contained in reports from the Labor Distribution System (LDS) to assist in determining the program direction costs which need to be allocated to responsibility segments. In addition, before allocating program direction costs, if the program direction account includes any significant support service contracts whose benefit accrues to only one segment rather than to all segments, the cost of that contract should be assigned solely to that segment. The remainder of the program direction would then be allocated to all segments.

In performing these allocations, please be aware of instances where program direction costs are already included in the B&Rs associated with particular responsibility segment to avoid the potential for over-allocation to that segment. In addition, in those instances where a landlord program is funding program direction for support organizations, please ensure the support

organization program direction costs are allocated to all benefitting organizations. Concerns regarding the appropriate responsibility segments to receive program direction allocations should be discussed with the cognizant program offices.

#### POST RETIREMENT BENEFITS.

The Standards require that the full cost of goods and services received from other Government entities be included in the Department's financial statements. The retirement benefit costs paid by the Office of Personnel Management (OPM) are the only such costs which we must account for in FY 1997. To assist in accounting for post retirement benefits for Federal retirees, OPM issued Financial Management Letter Number F-96-07, Accounting for Pensions and Other Retirement Benefits, on October 21, 1996. The letter included cost factors to be applied to the current pay of regular Civil Service Retirement System employees. The Federal Employees Retirement System basic benefit is fully funded so no cost factor is necessary for those employees. Additional cost factors provided were an amount for each employee enrolled in the Federal Employees Health Benefits Program and a percentage of basic pay for each employee enrolled in the Federal Employees Group Life Insurance Program. These cost factors were applicable for FY 1996. The FY 1997 cost factors will be provided by OPM by October 15, 1997, but they are not expected to change significantly.

The Office of CFO will calculate the imputed pension and post retirement benefits costs by applying the FY 1997 OPM cost factors to the actual cost data maintained in the Payroll/Personnel System (PAY/PERS). These costs will be accumulated by first tier organization and provided to you for allocation to the appropriate responsibility segments. We expect this information will be provided to you on or about October 15, 1997.

#### NUCLEAR WASTE FUND.

The Nuclear Waste Policy Act, as amended (Public Law 97-425) established the Nuclear Waste Fund (NWF) and required it to pay from fees assessed to owners and generators of spent nuclear fuel and high-level radioactive waste all costs associated with the storage, transportation and disposal of this material. Consistent with this legislation, the Department is charging to the Fund all such costs including the Headquarters and field Federal direct and administrative support costs, such as salaries, fringe benefits, travel, training, printing and reproduction, rents and utilities, security investigations, etc. Consequently, it would be inequitable for the NWF to be allocated additional costs for these functions. Therefore, other than the Post Retirement Benefits costs discussed in the previous section, the NWF should not be allocated any costs beyond what is currently charged directly to the Fund.

NON-FUND COSTS.

The Department has historically used a series of YN03, YN04, and YN09 B&R codes to record a variety of non-fund type costs. These include: YN03, Plant and Equipment Adjustments; YN04, Unfunded Expenses; and YN09, Miscellaneous Other Costs - Unfunded. To ensure the Department's financial statements reflect the full cost of the responsibility segments these costs support, costs charged to these B&R codes should be allocated to the benefitting responsibility segment(s). The only exceptions to this requirement are non-fund costs recorded in B&R YN0303 (Extraordinary Losses), YN0305 (Property, Plant and Equipment Write-Offs Due to Changes in Accounting Practices), YN0401 (Unfunded Environmental Expense), YN24 (Assets Sales Costs - Assets Sales Initiative), and YN26 (Cost of Excess Assets Sold - Assets Sales Initiative Sales Only).

**Implementation Guide for Year-End Cost Allocation Entries**

The Managerial Cost Accounting Implementation Team identified a number of program direction and other headquarters and field funded and unfunded costs that must be allocated to responsibility segments in order to meet the requirements of Statement of Federal Financial Accounting Standards Number 4, Managerial Cost Accounting Concepts and Standards for the Federal Government. These allocable costs are identified in Attachment 1. Each Headquarters program office and field CFO is responsible for allocating these costs to the benefitting responsibility segments in a reasonable and documented manner. As a general rule in order to achieve a reasonable level of consistency across the DOE complex for allocating these costs, all organizations are encouraged to spread program direction and overhead costs to the benefitting responsibility segments based on a percentage of total funded costs. Where this methodology does not result in an equitable allocation, each office should document the reason for establishing an alternative cost allocation basis and, where significant, coordinate the approach with the Office of Financial Policy.

New memorandum accounts, object class codes, and budget and reporting (B&R) codes have been established to facilitate the recording of cost allocation entries and the production of management reports that identify categories of funded cost allocations charged to responsibility segments. These new codes will minimize the number of entries required to record the cost allocations while ensuring sufficient detail to edit and validate the cost allocation entries. The new B&R codes are identified in Attachment 1. The new balance sheet codes and object class codes are as follows:

**Balance Sheet Codes -****9951 Costs Allocated to Responsibility Segments**

Represents costs that are allocated for financial statement reporting purposes. This account is normally debited when allocating costs from other responsibility segments. BSC 9951 and 9952 must net to zero by fund type and object class code for each reporting unit. B&Rs in the 010100000 - 089900000 range must be used with this account.

**9952 Costs Allocated to Responsibility Segments - Contra**

Represents costs that are allocated for financial statement reporting purposes. This account is normally credited when relieving costs from a responsibility segment in order to allocate the costs to other responsibility segments. BSC 9951 and 9952 must net to zero by fund type and object class code for each reporting unit. B&Rs in the 010100000 - 089900000 range must be used with this account.

<u>Object Class Codes</u>		<u>Related B&amp;R Codes</u>
710	Depreciation Expense	Various, YN0901010, 020
720	Extraordinary Obsolescence	YN0301011
721	Abandoned Projects	YN0302013
722	Capitalized Legacy Waste Costs	YN0304011, 013
723	Physical Inventory Adjustments	YN0309011, 012
724	Recovery of Experimental Equipment	YN0309021, 022
725	Service Life Adjustments	YN0309032
726	Capitalization of Items Previously Expensed	YN0309041, 042, 043
727	Excess PP&E Transferred to Other DOE Locations for Use	YN0307011, 012
728	Excess PP&E Transferred from Other DOE Locations for Use	YN0308011, 012
729	Excess or Surplus Donated Through HHS	YN0309061, 062
730	All Other PP&E Adjustments	YN0308013; YN0309052; YN0309081, 082, 083
741	Undistributed Nuclear Materials Expense	YN0902010
742	Nuclear Materials Expense Distribution Credits	YN0902020
743	Nuclear Materials Inventory Adjustments	YN0902030
744	Nuclear Materials Variances	YN0902040
745	Other Nuclear Materials Expenses	YN0902090
749	Other Nonfund Costs	YN0909000
752	Unfunded Safety and Health Expense	YN0402000
753	Unfunded Accrued Annual Leave Expense	YN0404000
754	Unfunded Capital Lease Expense	YN0405000
755	Unfunded Contingent Liability Expense	YN0406000
756	Unfunded Postemployment Benefits for DOE Employees	YN0407010, YN0407020
759	Other Unfunded Non-Actuarial Liability Expenses	YN0409000
760	Unfunded Contractor Pension Plan Expense	YN0403010
761	Unfunded Contractor Post-Retirement Benefits Other than Pensions	YN0403020
762	Unfunded Contractor Disability Insurance Plan Expense	YN0403030
763	Unfunded Contractor Life Insurance Plan Expense	YN0403040
764	Unfunded Federal Employees Compensation Act Liabilities	YN0403050
780	Imputed OPM Retirement Costs	YN4010000
801	Program Direction Cost Allocations	Various
811	Landlord Cost Allocations	Various
821	Dept Admin (Chief Financial Officer)	Various
822	Dept Admin (Human Resources)	Various
823	Dept Admin (General Counsel)	Various
824	Dept Admin (Hearings and Appeals)	UR

825	Dept Admin (Office of the Secretary)	WE
826	Dept Admin (Other)	Various
831	Security Investigations	GH
832	Non-Proliferation and National Security Program Direction	NN
833	Field Operations	FA
834	Other Weapons Program Activities	GB01, GB04, GB0513, NP
835	Headquarters Security Force	GD050804
836	EM - Policy and Management	EW60
899	Other Allocable Costs	--

Field offices must submit year-end cost allocation entries by October 27, 1997. Preliminary financial statement reports will be generated on October 21, 1997 after all field September submissions are received. These preliminary financial statement reports will identify the costs that require allocation to other responsibility segments. Corrections to the year-end cost allocation entries, if needed, may be submitted with October and November data using summary class code CP.

As an aid to understanding the cost allocation entries, a sample package of entries and the impacts on the operating statement and supplementary information has been provided as Attachment 3.1. This attachment is similar to the sample provided to attendees of the Accounting Workshop on June 10, 1997 at the CFO conference.

					(0.00)
Worker and Community Transition	3,666,705.24		3,666,705.24	23,889.75	3,690,594.99
Fissile Materials Disposition	4,051,386.75		4,051,386.75	31,853.00	4,083,239.75
Verification and Control Technology	7,974,509.30		7,974,509.30	106,941.98	8,081,451.28
Nuclear Safeguards and Security	359,383.65		359,383.65		359,383.65
* Security Investigations (reallocable at year-end)	796,325.00		796,325.00	(796,325.00)	0.00
<b>Energy Resources</b>					
Utility Technology	483,045.57		483,045.57		483,045.57
Federal Energy Management Program	188,842.06		188,842.06		188,842.06
Advanced Radioisotope Power System	28,444.18		28,444.18		28,444.18
<b>Science and Technology</b>			0.00		0.00
Biological and Environmental Research	29,189.51		29,189.51		29,189.51
Fusion Energy Sciences	363,193.83		363,193.83		363,193.83
Basic Energy Sciences	252,820.99		252,820.99		252,820.99
University and Science Education	8,284.48		8,284.48		8,284.48
<b>Environmental Quality</b>					
* EH Program Direction	48,837.54		48,837.54	(48,837.54)	0.00
Health Studies	715,521.92		715,521.92	48,837.54	764,359.46
Environmental Restoration	91,569,079.65		91,569,079.65	5,312,274.32	96,881,353.97
Waste Management	388,237,200.06	20,718,118.47	408,955,318.53	117,900,443.79	526,855,762.32
Nuclear Materials & Facilities Stabilization	431,079,450.87	50,743,904.36	481,823,355.23	167,911,957.95	649,735,313.18
Technology Development	17,144,200.88		17,144,200.88	1,072,694.71	18,216,895.59
Environmental Sciences Program	190,396.34		190,396.34		190,396.34
Other Environmental Management Activities	1,106,883.00		1,106,883.00		1,106,883.00
* EM Policy and Management (reallocable at year-end)	521,346.41		521,346.41	(521,346.41)	0.00
* EM Program Direction (reallocable at year-end)	52,993,466.43		52,993,466.43	(52,993,466.43)	0.00
<b>Other Programs</b>					
Inspector General	55,713.77		55,713.77		55,713.77
* Departmental Administration (reallocable at year-end)	119,922.65		119,922.65	(119,922.65)	0.00
* Other Expenses (reallocable at year-end)	(480,959.74)	244,074,627.55	243,593,667.81	(243,593,667.81)	0.00
<b>Cost of Goods and Services Provided</b>					
Reimbursable Work Programs Costs - Public	2,450,971.93		2,450,971.93		2,450,971.93
Technology Transfer Activities - Costs	61,417.37		61,417.37		61,417.37
Other Costs of Goods and Services Provided	2,680,662.54		2,680,662.54		2,680,662.54
Reimbursable Work Programs Costs - OFA	3,565,020.51		3,565,020.51		3,565,020.51
Total Expenses	1,104,308,587.67	366,394,523.21	1,470,703,110.88	0.00	1,470,703,110.88



### Cost Allocation Sample Entries

#### 1. To Allocate Weapons Program Direction Expenses to DP Programs

*Assumptions for Sample Entry: Weapons program direction costs are allocated to defense programs based on a prorata share of unallocated fund costs*

Calculation of prorata percentages:

Stockpile Stewardship	1,227,640.84	1%
Stockpile Maintenance	90,771,265.95	99%
	<u>91,998,906.79</u>	

<u>FT</u>	<u>SCC</u>	<u>BSC</u>	<u>Object Class Code</u>	<u>B&amp;R Code</u>	<u>Responsibility Segment Title</u>	<u>Debit</u>	<u>Credit</u>
TC	96	9952	801	010100000	Stockpile Stewardship	20,484.18	
TC	96	9952	801	010200000	Stockpile Maintenance	2,027,934.01	
TC	96	9951	801	019100000	Weapons Program Direction (reallocable at year-end)		2,048,418.19

#### 2. To Allocate Security Investigation Expenses to Benefitting Programs

*Assumptions for Sample Entry: Security investigations costs are allocated to national security programs based on a prorata share of unallocated fund costs*

Calculation of prorata percentages:

Stockpile Stewardship	1,227,640.84	1%
Stockpile Maintenance	90,771,265.95	85%
Worker and Community Transition	3,666,705.24	3%
Fissile Materials Disposition	4,051,386.75	4%
Verification and Control Technology	7,974,509.30	7%
Nuclear Safeguards and Security	359,383.65	0%
	<u>108,050,891.73</u>	

<u>FT</u>	<u>SCC</u>	<u>BSC</u>	<u>Object Class Code</u>	<u>B&amp;R Code</u>	<u>Responsibility Segment Title</u>	<u>Debit</u>	<u>Credit</u>
TF	96	9952	832	010100000	Stockpile Stewardship	7,963.25	
TF	96	9952	832	010200000	Stockpile Maintenance	676,876.25	
TF	96	9952	832	011300000	Worker and Community Transition	23,889.75	
TF	96	9952	832	010500000	Fissile Materials Disposition	31,853.00	
TF	96	9952	832	010300000	Verification and Control Technology	55,742.75	
TF	96	9951	832	019300000	Security Investigations (reallocable at year-end)		796,325.00

3. To Allocate EH Program Direction Expenses to Benefitting Programs (costs represent travel expense for Headquarters funded conference)

*Assumptions for Sample Entry: EH program direction is fully allocated to health Studies which is the only responsibility segment which benefitted from these costs.*

YA	96	9951	801	041400000	Health Studies	48,837.54	
YA	96	9952	801	049300000	EH Program Direction		48,837.54

4. To Allocate EM Policy and Management Expenses to Benefitting EM Programs

*Assumptions for Sample Entry: EM policy and management costs are allocated to EM programs based on a prorata share of unallocated fund costs*

Calculation of prorata percentages:

Environmental Restoration	91,569,079.65	10%
Waste Management	388,237,200.06	42%
Nuclear Materials & Facilities Stabilization	431,079,450.87	46%
Technology Development	17,144,200.88	2%
Environmental Sciences Program	190,396.34	0%
Other Environmental Management Activities	1,106,883.00	0%
	<u>929,327,210.80</u>	

<u>FT</u>	<u>SCC</u>	<u>BSC</u>	<u>Object Class Code</u>	<u>B&amp;R Code</u>	<u>Responsibility Segment Title</u>	<u>Debit</u>	<u>Credit</u>
TE	96	9951	837	040100000	Environmental Restoration	52,134.64	
TE	96	9951	837	040200000	Waste Management	218,965.49	
TE	96	9951	837	040300000	Nuclear Materials & Facilities Stabilization	239,819.35	
TE	96	9951	837	040400000	Technology Development	10,426.93	
TE	96	9952	837	049100000	EM Policy and Management (reallocable at year-end)		521,346.41

5. To Allocate EM Program Direction Expenses to Benefitting Programs Including Landlord Cost Allocations

*Assumptions for Sample Entry: EM program direction include \$5 million of landlord costs which are allocated to all benefitting programs on a prorata share of unallocated funded costs. The remaining portion represents EM program direction c*

Calculation of prorata percentages:

**Landlord Costs**

Stockpile Stewardship	1,227,640.84	0%
Stockpile Maintenance	90,771,265.95	9%
Worker and Community Transition	3,666,705.24	0%
Fissile Materials Disposition	4,051,386.75	0%
Verification and Control Technology	7,974,509.30	1%
Nuclear Safeguards and Security	359,383.65	0%
Utility Technology	483,045.57	0%
Federal Energy Management Program	188,842.06	0%
Fusion Energy Sciences	363,193.83	0%
Health Studies	715,521.92	0%
Biological and Environmental Research	29,189.51	0%
Basic Energy Sciences	252,820.99	0%
University and Science Education	8,284.48	0%
Advanced Radioisotope Power System	28,444.18	0%
Environmental Restoration	91,569,079.65	9%
Waste Management	388,237,200.06	37%
Nuclear Materials & Facilities Stabilization	431,079,450.87	42%
Technology Development	17,144,200.88	2%
Environmental Sciences Program	190,396.34	0%
Other Environmental Management Activities	1,106,883.00	0%
Inspector General	55,713.77	0%
Reimbursable Work Programs Costs - Public	2,450,971.93	0%
Technology Transfer Activities - Costs	61,417.37	0%
Other Costs of Goods and Services Provided	2,680,662.54	0%
Reimbursable Work Programs Costs - OFA	3,565,020.51	0%
	<u>1,048,261,231.19</u>	

**EM Program Direction Costs**

Environmental Restoration	91,569,079.65	10%
Waste Management	388,237,200.06	42%
Nuclear Materials & Facilities Stabilization	431,079,450.87	46%
Technology Development	17,144,200.88	2%
Environmental Sciences Program	190,396.34	0%
Other Environmental Management Activities	1,106,883.00	0%
	<u>929,327,210.80</u>	

<u>FT</u>	<u>SCC</u>	<u>BSC</u>	<u>Object Class Code</u>	<u>B&amp;R Code</u>	<u>Responsibility Segment Title</u>	<u>Debit</u>	<u>Credit</u>
Landlord Costs							
TE	96	9951	811	010200000	Stockpile Maintenance	450,000.00	
TE	96	9951	811	010300000	Verification and Control Technology	50,000.00	
TE	96	9951	811	040100000	Environmental Restoration	450,000.00	
TE	96	9951	811	040200000	Waste Management	1,850,000.00	
TE	96	9951	811	040300000	Nuclear Materials & Facilities Stabilization	2,100,000.00	
TE	96	9951	811	040400000	Technology Development	100,000.00	
TE	96	9952	811	049200000	EM Program Direction (reallocable at year-end)		5,000,000.00
EM Program Direction							
TE	96	9952	801	040100000	Environmental Restoration	4,799,346.64	
TE	96	9952	801	040200000	Waste Management	20,157,255.90	
TE	96	9952	801	040300000	Nuclear Materials & Facilities Stabilization	22,076,994.56	
TE	96	9952	801	040400000	Technology Development	959,869.33	
TE	96	9951	801	049200000	EM Program Direction (reallocable at year-end)		47,993,466.43

6. To Allocate Departmental Administration Funded Expenses to Benefitting Programs

*Assumptions for Sample Entry: All Departmental Administration costs are allocated to all programs representing final cost objectives based on their prorata share of unallocated fund costs*

Calculation of prorata percentages:

Stockpile Stewardship	1,227,640.84	0%
Stockpile Maintenance	90,771,265.95	9%
Worker and Community Transition	3,666,705.24	0%
Fissile Materials Disposition	4,051,386.75	0%
Verification and Control Technology	7,974,509.30	1%
Nuclear Safeguards and Security	359,383.65	0%
Utility Technology	483,045.57	0%
Federal Energy Management Program	188,842.06	0%
Fusion Energy Sciences	363,193.83	0%
Health Studies	715,521.92	0%
Biological and Environmental Research	29,189.51	0%
Basic Energy Sciences	252,820.99	0%
University and Science Education	8,284.48	0%
Advanced Radioisotope Power System	28,444.18	0%
Environmental Restoration	91,569,079.65	9%
Waste Management	388,237,200.06	37%
Nuclear Materials & Facilities Stabilization	431,079,450.87	42%
Technology Development	17,144,200.88	2%
Environmental Sciences Program	190,396.34	0%
Other Environmental Management Activities	1,106,883.00	0%
Inspector General	55,713.77	0%
Reimbursable Work Programs Costs - Public	2,450,971.93	0%
Technology Transfer Activities - Costs	61,417.37	0%
Other Costs of Goods and Services Provided	2,680,662.54	0%
Reimbursable Work Programs Costs - OFA	3,565,020.51	0%
	<u>1,048,261,231.19</u>	

<u>FT</u>	<u>SCC</u>	<u>BSC</u>	<u>Object Class Code</u>	<u>B&amp;R Code</u>	<u>Responsibility Segment Title</u>	<u>Debit</u>	<u>Credit</u>
SA	96	9952	821	010200000	Stockpile Maintenance	10,793.04	
SA	96	9952	821	010300000	Verification and Control Technology	1,199.23	
SA	96	9952	821	040100000	Environmental Restoration	10,793.04	
SA	96	9952	821	040200000	Waste Management	44,371.38	
SA	96	9952	821	040300000	Nuclear Materials & Facilities Stabilization	50,367.51	
SA	96	9952	821	040400000	Technology Development	2,398.45	
SA	96	9951	821	089150000	Departmental Administration (reallocable at year-end)		119,922.65

7. To Allocate Other Expenses to Benefitting Programs

*Assumptions for Sample Entry: The funded other expenses represent a net pollution prevention transfer credit which was directly attributable and allocable to the stockpile maintenance program. The nonfund other expenses consisted of capita*

<u>FT</u>	<u>SCC</u>	<u>BSC</u>	<u>Object Class Code</u>	<u>B&amp;R Code</u>	<u>Responsibility Segment Title</u>	<u>Debit</u>	<u>Credit</u>
6T	96	9951	899	010200000	Stockpile Maintenance		480,959.74
6T	96	9952	899	089400000	Other Expenses (reallocable at year-end)	480,959.74	
51	96	9951	721	010200000	Stockpile Maintenance	5,000,000.00	
51	96	9952	721	089400000	Other Expenses (reallocable at year-end)		5,000,000.00
51	96	9951	723	040200000	Waste Management	95,629,851.02	
51	96	9951	723	040300000	Nuclear Materials & Facilities Stabilization	143,444,776.53	
51	96	9952	723	089400000	Other Expenses (reallocable at year-end)		239,074,627.55